August 20, 2013
Serial No. 13-319

Honorable Sabino Anastacio
Speaker
House of Delegates
9th Olbiil Era Kelulau
P.O. Box 8
Koror, PW 96940

Re: Signing Statement for House Bill No. 9-13-1S, HD3, SD3.

Dear Speaker Anastacio:

This bill is a companion bill to Senate Bill No. 9-45, which I recently referred back to the Olbiil Era Kelulau due to issues more fully set forth in my referral letter. However, these two bills cannot be considered separately from one another. To enact one of these two bills means that we must enact the other bill. The reason for this is because the Senate Bill focuses mostly on ensuring the solvency of the Social Security Fund, while the House Bill focuses on increasing the benefits provided to our surviving spouses. The House Bill allows surviving spouses to 'double-dip' from the Social Security Fund. If a surviving spouse is eligible for retirement benefits and the surviving spouse benefit, then they may receive both benefits. The end result is that the benefit that surviving spouses may receive is substantially increased under this bill. In fact, the benefit may be doubled in some instances.

In addition to amending the surviving spouse benefit, the bill has two other amendments. The first amendment is to increase the minimum monthly basic benefit to be received to $148. This is an amendment that complements the Senate Bill, which does something similar by changing the way the monthly basic benefit is calculated. The second amendment is that the bill earmarks the 15% of the foreign fishing revenue received by the national government pursuant to RPPL No. 8-47 to be earmarked to be deposited into the Social Security Fund for Fiscal Years 2014, 2015, and 2016. This amendment earmarks certain funds to fund the social security obligations of the national government as an employer for the next three (3) years. This is an obligation that the national government already has. The only real effect of this amendment is that the funds to fulfill this obligation are now earmarked.
In one sense, this is an easy bill to sign—it is easy to provide increased social security benefits to our surviving spouses because we can all identify with the pain of losing a loved one. However, I urge the Olbiil Era Kelulau to be mindful of the other side of the equation: the continued solvency of the Social Security Fund. When we increase benefits on one hand, we must take steps to secure the continued solvency of the Social Security Fund with the other hand. Such is the balance that is required in order to maintain a financially healthy social security system: we must always be mindful of the amount of money going into the system compared to the amount of money that is coming out of the system, and how that money is being distributed.

I am pleased to report that just as I was finalizing this signing statement the Olbiil Era Kelulau did, in fact, re-pass Senate Bill No. 9-45 in accordance with my recommended changes. These two bills symbolize a Olbiil Era Kelulau that is working for the people, with each other, and with the President's Office. This is not to say that we will always agree with one another, but we will strive to develop a working relationship where we can work together constructively to build our nation. For that, I thank you, and I look forward to continuing to build on this relationship.

Sincerely,

Tommy E. Remengesau, Jr.
President
Republic of Palau
August 20, 2013
Serial No. 13-319

Honorable Camsek E. Chin
Senate President
Senate
9th Olbiil Era Kelulau
P.O. Box 8
Koror, PW 96940

Re: Signing Statement for House Bill No. 9-13-1S, HD3, SD3.

Dear Senate President Chin:

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In addition to amending the surviving spouse benefit, the bill has two other amendments. The first amendment is to increase the minimum monthly basic benefit to be received to $148. This is an amendment that complements the Senate Bill, which does something similar by changing the way the monthly basic benefit is calculated. The second amendment is that the bill earmarks the 15% of the foreign fishing revenue received by the national government pursuant to RPPL No. 8-47 to be earmarked to be deposited into the Social Security Fund for Fiscal Years 2014, 2015, and 2016. This amendment earmarks certain funds to fund the social security obligations of the national government as an employer for the next three (3) years. This is an obligation that the national government already has. The only real effect of this amendment is that the funds to fulfill this obligation are now earmarked.
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Sincerely,

Tommy E. Remengesau, Jr.
President
Republic of Palau
NINTH OLBIIL ERA KELULAU
THIRD REGULAR SESSION
JULY - AUGUST 2013

HOUSE BILL NO. 9-13-1S, HD3, SD3

A BILL FOR AN ACT
To amend Title 41 of the PNC to allow an individual born before January 01, 1954 to receive the full amount of the Surviving Spouse’s Insurance Benefit, and for other related purposes.

OFFERED BY DELEGATE(S): Lee T. Otobed
and Marino O. Ngeomaes

DATE INTRODUCED February 27, 2013

HOUSE ACTION
FIRST READING: February 27, 2013
REFERRED TO: Ways and Means
STANDING COMMITTEE REPORT NO: 9-20
DATE ADOPTED: June 18, 2013
SECOND READING: June 18, 2013 w/HD3
LEGAL FORMAT: Proper
REVIEW: June 18, 2013
THIRD READING: June 19, 2013
FINAL ACTION: August 02, 2013 w/SD3

SENATE ACTION
FIRST READING: July 11, 2013
REFERRED TO: WMFM
STANDING COMMITTEE REPORT NO: 9-73
DATE ADOPTED: July 30, 2013
SECOND READING: July 30, 2013
LEGAL FORMAT: Proper
REVIEW: August 01, 2013
THIRD READING: August 02, 2013
FINAL ACTION:

CONFERENCE COMMITTEE ACTION
DATE: None
COMMITTEE REPORT: None
DATE PASSED: None

Acting HOUSE CLERK

Ann L. Pedro
SENATE CLERK
A BILL FOR AN ACT

To amend Title 41 of the Palau National Code to allow an individual born before January 1, 1954 to receive the full amount of the Surviving Spouse's Insurance Benefit, and for other related purposes.

THE PEOPLE OF PALAU REPRESENTED IN THE OLBIIIL ERA KELULAU DO ENACT AS FOLLOWS:

Section 1. Legislative Findings. The Olbiil Era Kelulau finds that the current legislation governing the Republic of Palau's Social Security System dictates that a surviving spouse, while he or she is eligible to receive his or her deceased spouse's social security benefits, such benefits are to be reduced by either the amount of his or her own social security old age or disability benefit, or by application of the earnings test. The Olbiil Era Kelulau finds that often, survivors rely on the surviving spouse insurance benefit as a major source of income and these required reductions leave the surviving spouse at a harsh economic disadvantage. As such, the Olbiil Era Kelulau now finds it necessary to amend the current law to allow for a surviving spouse to receive the entire amount of his or her deceased spouse's social security benefits along with his or her own old age or disability insurance, and also avoid further reduction of such benefits caused by application of the earnings test.

Section 2. Amendment. Section 755 of Title 41 of the Palau National Code is hereby amended as follows:

"§ 755. Surviving spouse's insurance benefit.

(a) . . .

(b) . . .

(c) If the surviving spouse was born before January 1, 1954, and the surviving spouse is eligible to receive both the surviving spouse insurance benefit and another benefit, the surviving spouse shall receive the full amount of the surviving spouse insurance benefit. If the surviving spouse was born on or after January 1, 1954, and the
surviving spouse is eligible to receive both the surviving spouse insurance benefit and  
another benefit, the surviving spouse insurance benefit shall be sixty percent (60%) of the  
surviving spouse insurance benefit. However, if the surviving spouse was born on or after  
January 1, 1954, and the surviving spouse became eligible to receive both the surviving  
spouse insurance benefit and another benefit prior to August 2, 2007, the surviving  
spouse shall receive the full amount of the surviving spouse insurance benefit.

(d) . . .

(e) If a surviving spouse beneficiary is eligible to receive another benefit, such  
beneficiary shall have the option to receive both benefits on a monthly basis in accordance  
with this Chapter, or to receive either benefit in one lump sum, the amount of which shall  
be determined in accordance with this Chapter, while continuing to receive the other  
benefit on a monthly basis in accordance with this Chapter."

Section 3. Amendment. Section 761 of Title 41 of the Palau National Code is  
hereby amended as follows:

"§ 761. The earnings test.

(a) . . .

(b) . . .

(c) . . .

(d) A surviving spouse beneficiary qualifying under subsection (c)(2) shall  
receive such benefit at the level in existence immediately prior to August 2, 2007, unless  
such beneficiary received an increase in his surviving spouse benefit as a result of the  
enactment of RPPL No. 7-32.

(e) . . ."

Section 4. Amendment. 41 PNC § 751 is hereby amended as follows:

"§ 751. Basic benefit formula.

(a) . . .

(b) . . .
(c) Effective October 1, 2013, the minimum amount of the basic benefit, as applied to all benefits listed in § 752 of this chapter, shall be one hundred forty-eight dollars ($148)."

Section 5. Amendment. Sections 753, 754, and 757 of Title 41 of the Palau National Code are hereby amended as follows:

"§753. Old age insurance benefit.

(a) ... 

(b) The monthly amount of the benefit is the basic benefit, with a minimum monthly benefit of one hundred forty-eight dollars ($148).

... 

(e) Subject to section 753(b) of this Chapter, the maximum limit of the basic monthly benefit is one hundred percent (100%) of the highest monthly average wage of the wage earner over any twelve (12) quarters out of the last forty (40) quarters preceding retirement; provided, however, that such limit shall not be implemented until three (3) years from the effective date of this chapter, and provided further that such limit shall apply only to persons applying for benefits subsequent to such implementation date.

§754. Disability insurance benefit.

(a) ... 

(b) Subject to subsection (a) and (b), the monthly amount of the benefit is the basic benefit, with a minimum monthly benefit per month, one hundred forty-eight dollars ($148).

(c) Subject to Section 254(b) of this Chapter, if the person is receiving a periodic workmen’s compensation benefit, the disability insurance benefit shall be reduced in any month by the amount in which the total of the workmen’s compensation benefit plus the basic benefit exceeds eighty percent (80%) of one-twelfth (1/12) of the highest annual remuneration on which contributions were made in the period consisting of the year in which the disability occurred and the preceding five (5) years.
(d) . . .

. . .

§757. Maximum and minimum amounts of survivors insurance benefit.

(a) . . .

(b) The minimum amount of the total of a survivor's insurance benefit is one hundred forty-eight dollars ($148) month, computed before the application of section 755(c).

(c) . . ."

Section 6. Rules and Regulations. Pursuant to 41 PNC § 711 and § 712 (d), the Social Security Board shall hereby promulgate rules and regulations in accordance with this Act within sixty days of enactment of this Act.

Section 7. Amendment. Section 2 of RPPL No. 8-47 is amended as follows:

"Section 2. Foreign Fishing Revenue Distribution.

(a) . . .

(b) . . .

(c) Beginning with funds received in Fiscal Year 2011, all revenue derived from the fishing agreements shall hereby be divided between the national government and the state governments as follows:

1. 15% of the revenue shall go to the national government. In fiscal years 2014, 2015, and 2016 this 15% of revenue shall be deposited in the Social Security Fund which shall be applied to retire any debts to the Social Security Fund incurred by the national government in its capacity as an employer; the National Treasury shall transmit the revenue to the Social Security Fund no later than sixty (60) days upon receipt.

2. 55% shall be equally divided among the states.

3. 30% shall be divided among the states according to the population of each state as stated in the most recent national government census."
(d) . . .”

Section 8. Effective date.

This Act shall take effect on October 1, 2013, except as otherwise provided by law.

PASSED: August 2, 2013

Approved this 20th day of August, 2013

Tommy E. Remengesau, Jr.
President of the Republic of Palau